

House Committee on Transportation and Infrastructure  
Highways, Transit and Pipelines Subcommittee

Hearing on Intermodalism  
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Testimony submitted by  
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Northwest Container Services, a division of Waste Connections, Inc. (NWCS), is pleased to submit the following written testimony to the House Transportation Subcommittee on Highways, Transit and Pipelines. We are also grateful for the opportunity to appear before the Subcommittee and share our thoughts and ideas on how intermodalism, and its component parts - rail, truck and barge, may be utilized to improve freight and goods movement efficiency and contribute to economic development locally, regionally and nationally.

## Background

NWCS has been providing containerized short-haul intermodal logistics services since 1985. The NWCS mission is to improve freight mobility in the Pacific Northwest, California and other regions of the country by providing intermodal or multimodal transportation solutions to customers utilizing rail, truck and barge. The NWCS business model is built on a network of privately owned intermodal facilities capable of building and deploying unit trains for short-haul rail service, typically 300 miles or less. Additionally, over the last several years, NWCS has entered into Public-Private Partnerships (PPP) with ports and public entities that embrace our mission of expanding transportation options for shippers. Currently, NWCS operates five intermodal facilities in Washington State and Oregon linking the major West Coast ports of Seattle, Tacoma and Portland with ports in Eastern Washington and Oregon.

NWCS is primarily a “hook and haul” intermodal rail operation. We contract for dedicated rail line-haul capacity and engine power with either the Union Pacific Railroad (UPRR) for the Seattle, Tacoma and Portland service, or, the Burlington Northern Santa Fe Railroad (BNSF) for the Quincy and Pasco service.\* NWCS owns its equipment and facility assets, including a fleet of forty custom built double-stack container rail cars.

Plans are currently underway to develop the NWCS business model in California, with the Port of Oakland and private sector shipping interests in the San Joaquin Valley.

## By the Numbers

By using dedicated direct trains (supported by truck and barge services) to transport international containers, NWCS is able to ensure timely, efficient, cost-effective delivery of cargo for importers and exporters.

NWCS’s business model is built on a “load-load” strategy. The majority of the time our intermodal trains haul loaded containers, rather than empty containers. This load-load strategy not only optimizes our operational efficiency, but it also results in better and

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\* It is interesting to note that the original NWCS start-up service between Portland and Seattle/Tacoma, in 1985 served as the “test model” for the UPRR’s experiment with a “two engineer” crew operating the intermodal train. The success of this test resulted in the UPRR switching to all two-person crews system-wide, resulting in significant economic savings in labor costs.

more efficient equipment utilization. It is always our objective to build trains moving in each direction to our facilities with loaded containers – imports in, exports out. An interesting fact regarding intermodal container movement – primarily truck movements, is that 50% of the time a container is moved by truck, it is empty. This high rate of movement of empty containers results from the need to reposition empty containers for exporters once the container has been unloaded of its imports.

In 2005, NWCS moved 85,000 intermodal containers via our short-haul intermodal rail system. This figure represents 6.2% of the total container volume moved through the ports of Seattle and Tacoma in 2005. The majority of this cargo was moved through the Seattle-Tacoma-Portland I-5 Corridor. Viewed another way, this represents 85,000 truck trips that were shifted to rail, freeing up valuable highway capacity for “people” movement and other freight and goods. Additionally, these intermodal rail movements saved road maintenance dollars, contributed to cleaner air, and relieved highway and port congestion. With unprecedented volume growth predicted for import and export container movement in the Pacific Northwest, the West Coast and nationally, NWCS is well positioned to expand on its current success and duplicate its business model in other areas of the Northwest and into other regions of the country that would benefit from improved utilization of an intermodal transportation network.

### Opportunities

NWCS believes that there is great opportunity to expand its “footprint” into other regions of the country. As noted above, we are working with the Port of Oakland, steamship lines and shippers to establish an intermodal short-haul rail corridor that would service the San Joaquin Valley of California.

Areas such as this are a perfect fit for our business model because of the import-export volumes that move through the area. In the San Joaquin Valley, for example, there are tremendous volumes of food and agricultural exports, while at the same time major U.S. retail importers such as Target, Wal-Mart, Sears, IKEA, and VF Corp., to name a few, have located mega import distribution centers in the valley to service their regional retail stores, or reposition containers on east bound long-haul unit trains for Mid-West distribution. Unfortunately, the majority of the San Joaquin agriculture exports and the retail import volumes are trucked from the ports of Los Angeles and Long Beach. A better model would be for retail importers to move loaded containers from steamship carriers calling the Port of Oakland to their distribution centers in the San Joaquin Valley via short-haul rail. There, agricultural shippers could utilize the equipment to move loaded export containers back out. In this case, the Port of Oakland provides a competitive alternative because it is not faced with the capacity and congestion issues experienced at the ports of Los Angeles and Long Beach.

This is but one significant example of how a short-haul intermodal rail corridor would benefit shippers by providing a competitive alternative to trucking. There are other regional examples in the Pacific Northwest, Mid-West, and East Coast where the short-

haul rail intermodal business model is a viable alternative, and actually enhances the effectiveness of all intermodal transportation components. A critical element in the future viability of this model, however, is the willingness and ability of the major railroads to provide short-haul and short line service at reasonable rates. Assuring that U.S. regional rail infrastructure needs and service issues are addressed, should be a top priority of state and federal policy makers and regulators.

### Future Issues and Concerns

NWCS shares the same concerns that many in the intermodal transportation industry have expressed in recent months. Real questions continue to be raised about the major railroad industry's obligation to serve its customers and the nation's transportation needs.

Against this backdrop, the undercurrent of rhetoric and actions is the same theme faced in virtually every state in the lower 48 faces: the Class I railroads own and control a majority of our Nation's major rail infrastructure, and in response to their shareholders, they have clearly determined that it is in their financial interest to dedicate a majority of their capacity for long-haul intermodal container movement and profitable bulk commodity movement, bypassing significant volumes of intra-state and intra-region cargo.

Yet, NWCS's short haul intermodal rail service, like many short lines, is completely dependent upon Class I railroad service and capacity. We recognize that the Class I railroads represent a private sector network, and need to be profitable for their shareholders. However, we also suggest that there needs to be viable intra-state and intra-region infrastructure and service to meet the needs of shippers where the only alternative is to truck cargo, or close the business.

We believe that serious attention needs to be focused on how intra-state and intra-region service can be maintained and enhanced. The significant investment that states and other public entities make in improving infrastructure – overpasses, grade separations, port infrastructure, etc., which contribute to the railroads increased efficiency and velocity, must have a measure of intra-state and intra-regional return. While we recognize and support the Class I railroads current business model which is focused on long-haul unit trains moving quickly from coastal ports to the Mid-West, it is contributing to the isolation of certain shippers and bypassing many short-haul opportunities.

As noted above, NWCS believes that our short-haul intermodal model is a model that can be duplicated nationally. We believe the future of intra-state and intra-region transportation efficiency is dependant on competitive innovation, such as short-haul intermodal rail service.